also helps those who tend to be from the working poor. I think we should do all we can to help people who are poor and who work and who choose not to go on welfare.

I think it is time to act. The family care amendment is not in any way political. It is not even large scale. But it does help. It is something that we will be voting on next week. With a strong degree of intensity, I encourage my colleagues to vote for it.

I thank the Presiding Officer and yield the floor.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Kentucky.

## MARRIAGE TAX PENALTY RELIEF RECONCILIATION ACT OF 2000—Continued

Mr. BUNNING. Mr. President, I will talk just a little bit about the marriage penalty bill that we have before us.

I rise in strong support of this legislation to repeal the marriage penalty.

I am going to vote for this bill because it restores fairness and equity to married Americans under the Tax Code. It is the right and honorable thing to do.

By now I think all of my colleagues know the sad facts about the marriage penalty, and how it cruelly punishes married couples by forcing them to pay higher taxes on their income than if they were single.

For example, a married couple where both spouses earned $30,000 in 1999 would pay $7,655 in federal income taxes. Two individuals earning $30,000 each but filing single returns would pay only $6,892 combined. The $763 difference in tax liability is the marriage penalty.

In fact, the Congressional Budget Office estimates that overall almost half of all married couples—22 million—suffered under the marriage penalty last year. The average penalty paid by these couples was $1,400. Cumulatively, the marriage penalty increases taxes on affected couples by $32 billion per year.

That is 44 million Americans who are paying a total of $32 billion in higher taxes each year simply because they took the walk down the aisle.

In my home State of Kentucky alone, there are over 800,000 married couples, many of whom are punished by the marriage penalty.

I can't think of one good reason why they should have to send more of their money to the Federal Government for the simple reason that they decided to get married. It is about the most unfair and unjust thing I have ever heard of.

This bill provides real relief by making four simple changes to the code.

It increases the standard deduction for married couples to twice the standard reduction for single taxpayers.

It expands 15-percent and 28-percent income tax brackets for married couples filing a joint return to twice the size of the corresponding brackets for individuals.

It updates the rule to eliminate the marriage penalty for low-income couples who qualify for the earned income credit.

And it corrects a glaring oversight in the Code whereby couples who have to pay the alternative minimum tax are denied the ability to fully claim family tax credits, such as the $500 per child tax credit, hope and lifetime learning credits, and the dependent care credit.

The marriage penalty is an outdated relic from the days when families primarily relied on one breadwinner.

The penalty principally occurs because the Tax Code provides a higher combined standard deduction for two workers filing as singles than for married couples, and the income tax bracket thresholds for married couples are less than twice that for single taxpayers.

As recently as several decades ago when most mothers stayed home and fathers trudged off to work at the factory each day, this might have made sense.

Back then it did not matter nearly as much if the Tax Code's standard deduction for a married couple wasn't twice as much as for an individual, or if the income brackets for couples weren't double that for individuals.

Few families had to account for a second income, and had never heard of the marriage penalty.

But times change, and now in many families both parents do work. And I can guarantee you that they know their money is being wrongly taken from them by our immoral tax laws.

Congress and the Tax Code haven't kept pace with the American family. It is time to change that and to make sure that our code meets the needs of the modern family in the 21st century in America.

Even worse, the marriage penalty is a cancer that has spread throughout the Tax Code, and which goes beyond simply affecting standard deductions and income brackets.

There are at least 65 more provisions in our tax laws where married couples are unjustly penalized. Frankly, I think the bill before us today should be just the first step toward completely rooting the marriage penalty out of our Tax Code.

The adoption tax credit, the student loan interest deduction, retirement savings incentives, and dozens of other parts of the Code have all been afflicted by the marriage penalty, and are less available to married couples than if they were single earners trying to take advantage of this tax relief.

This means that the marriage penalty not only punishes Americans who have to foot the bill, it further undermines the good public policy goals that Congress has tried to implement when it passed these changes to the Tax Code.

This isn't the first time Congress has tried to fix the insidious marriage penalty. In 1995, Congress tried to increase the standard deduction for married couples to offset some of the marriage penalty. President Clinton vetoed that bill.

Again in 1999, Congress passed marriage penalty relief. Again the President vetoed it.

Both times the President said he liked the idea of marriage penalty relief, but didn't like other provisions in the legislation. So this year the House passed what I call a ''clean'' marriage penalty bill to try to answer his concerns. But, of course, he issued a strong statement in opposition to that bill.

However, that did not stop him from recently proposing a little horse trading, and telling Congress that he would reconsider and sign marriage penalty relief legislation if we would also pass his Medicare prescription drug plan.

If all that does is confuse you, I know it confuses me. But I think it means the President can't decide what he thinks about ending the marriage penalty.

So I believe that Congress should help clarify his thinking and send him a bill soon so he can make up his mind and decide if he really wants to help provide tax relief to the 44 million Americans who are unfairly punished by the marriage penalty.

It is time for the Senate to act and to send marriage penalty relief to the President. Until we do we are not going to be able to escape the fact that the marriage penalty causes a vicious cycle.

It imposes higher taxes on millions of families, and it unfairly takes away billions of dollars of income from married couples. That money is then sent to Washington and used to help pay for child care and other programs that families might not have needed in the first place if they had been able to keep the money that was stolen from them by the marriage penalty.

Mr. President, the marriage penalty is an evil that is eating away at our families. The American people want a divorce from the marriage penalty, and we can give it to them by passing this bill today.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NICKLES. Mr. President, for the information of my colleague, I will speak on the marriage penalty for a few minutes and then go into the wrap-up.

Mr. President, I compliment my colleagues, several of whom have worked very hard to make sure we eliminate the marriage penalty. KAY BAILEY HUTCHISON of Texas, SAM BROWNBACK, Senator ASHCROFT, and Senator SANTORUM have been pushing and pushing to eliminate one of the most unfair

penalties in the Tax Code, the marriage penalty. Now we have a chance to do that. We are going to vote on that on Monday. We are going to pass it—at least I hope we do—and I hope the President will sign it.

The President said in his State of the Union Address that we need to eliminate the marriage penalty. He didn't propose it. He had a little something in his budget but very little. We have taken that and we are now considering a bill to basically eliminate the marriage penalty. A lot of people don't know what that is. It says that if people file a joint return, they pay more than they would have paid as single individuals. Some people say: Wait a minute. The Republican proposal, or the proposal we passed out of the Finance Committee, does more than that; it has a marriage bonus.

We say that we should basically double the income tax brackets for individuals and for couples. So if they are married and file jointly, they end up getting twice the income tax bracket before you step into the next bracket as individuals. That is really pretty simple. But it is as fair as it can get. It is the right thing to do.

To give an example, we have several brackets in our Tax Code: 0, 15, 28, 31, 36, and 39.6. Actually, the maximum rate was 31 percent before President Clinton came into office. In 1993, he and Vice President Gore passed a tax increase to move the maximum rate up to 39.6. They also eliminated deductions and also took off the cap on the Medicare tax, which is another 2.9 percent. So they basically raised the maximum rate up to 43, 44 percent.

As you jump into higher tax brackets, each income level, you are penalized under the marriage penalty. As an individual, you pay 15 percent up to $26,000. You would think a couple would go into the next bracket until it is double that amount. That would be $52,000. An individual pays 15 percent up to $26,000. So for a couple, when they go into the next higher bracket at 28 percent, that should be at $52,000. That is not the case.

If you look at the Tax Code, a married couple filing a joint return goes into 28 percent not at $52,000 or $50,000 but at $43,000. So what that means is that the married couple is paying an additional rate of 28 percent on all income between $43,000 and $52,000. That is the marriage penalty. We would eliminate that. Whether there is one wage earner or two wage earners in the married couple, we eliminate that penalty. Another way of saying it is, we take the $26,000, on which you are paying 15 percent, and we double it. So if it is $26,000 for an individual, it is $52,000 for a couple. We do the same thing on the 28 percent bracket. So we eliminate this penalty.

Another way of looking at it would be, if you have a principal wage earner and, say, he or she makes $40,000, and a spouse makes $20,000, under present law, the spouse that makes $20,000 pays the same income tax rate as the principal wage earner. That is not right. They should not be paying a tax rate of 28 percent. They should be paying at the 15-percent rate. So we are doubling the tax. The present Tax Code almost charges double for the wage earner that is making $20,000 just because they happen to be married to a spouse who makes $40,000. That is wrong. It needs to be eliminated, and we do eliminate that in this proposal.

I have heard some of my colleagues say they are going to offer a Democrat substitute and change that Democrat proposal.

I compliment my friend and colleague from New York, Senator MOYNIHAN. I have the greatest respect for him. He says the way to solve it is to make individuals file as if they have individual returns. What does that mean?

If you have an income of $40,000 or $20,000, there would be some tax relief. But what if you have a situation where somebody earns $60,000? There is no tax relief. Or if you have an income that is $50,000, there is no tax relief. You are paying a 28-percent bracket on any income between $43,000 and $52,000. So they get penalized. They doesn't solve that problem.

I hope I am not being too confusing. Maybe it is kind of wonkish, but we are penalizing couples in the U.S. today for being married to the tune of an average $1,200 to $1,400. That is wrong. We have a chance to fix it. We should. I believe we will fix it on Monday.

I am pleased. This week was a good week. We passed a bill to eliminate the death tax. That is good news for small business. It is good news for farmers and ranchers or anybody who is trying to build a business. They would like to know they can build the business and not lose half of it when they die.

The tax rates right now on the death tax range from 37 percent once you get past the deductible to 55 percent and in some cases 60 percent. If you have a taxable estate of $10 million, you have a marginal rate of 60 percent. That is too high. A lot of people do not know that. Some press people said to me: I think you misstated it.

The facts are, if you have a taxable estate of $10 million to $17 million, you pay a rate of 60 percent. That is way too high. We have taken care of that today. The only thing that will stop that from becoming law is President Clinton. He can sign it and we can eliminate the death tax and replace it with a capital gains tax. That is fair and equitable across the board. It is something we ought to do. It is the fair and right thing to do.

Next Monday we can eliminate the marriage penalty. People shouldn't have to pay more taxes because they happen to be married. People shouldn't be bumped into higher categories because they happen to be married. We shouldn't be charging couples for marriage. They shouldn't be penalized for being married.

We basically double the tax schedule for couples. To me, it is the fairest thing to do. You don't penalize somebody because they are working or not working. We don't penalize married couples. We have a chance to eliminate this gross inequity.

We have taken care of one today on the floor of the Senate by eliminating the death penalty. On Monday, we can eliminate the marriage penalty.

I compliment my colleagues, and especially several of our Democrat colleagues who were with us. Nine Democrats voted with us on final passage. We passed a bipartisan bill. It was bipartisan in the House with an overwhelming vote of a 2-to-1 margin. There was a good margin today in the Senate—59–39. Frankly, I hope that number will grow. We had several Members absent today, several of whom maybe would join us.

Again, I compliment Senator LOTT, and also Senator ROTH, for bringing the bill forward this week. Next week, we have the opportunity to provide real tax relief for businesses, for families, and for married couples. I think that is some of the most positive news for taxpayers in a long, long time.

I am going to proceed to several unanimous consent requests to help expedite consideration of these matters before the Senate next week.

AMENDMENT NO. 3881

Mr. NICKLES. Mr. President, I send an amendment to the desk to the pending bill on behalf of the majority leader.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Oklahoma (Mr. NICKLES), for Mr. LOTT, proposes an amendment numbered 3881.

Mr. NICKLES. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To provide a substitute)

Strike all after the first word and insert:

**1. SHORT TITLE.**

(a) SHORT TITLE.—This Act may be cited as the ''Marriage Tax Relief Reconciliation Act of 2000''.

(b) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

**SEC. 2. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.**

(a) IN GENERAL.—Paragraph (2) of section 63(c) of the Internal Revenue Code of 1986 (relating to standard deduction) is amended—

(1) by striking ''$5,000'' in subparagraph (A) and inserting ''200 percent of the dollar amount in effect under subparagraph (C) for the taxable year'';

(2) by adding ''or'' at the end of subparagraph (B);

(3) by striking ''in the case of'' and all that follows in subparagraph (C) and inserting ''in any other case.''; and

(4) by striking subparagraph (D).

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6) of such Code is amended by striking ''(other

than with'' and all that follows through ''shall be applied'' and inserting ''(other than with respect to sections 63(c)(4) and 151(d)(4)(A)) shall be applied''.

(2) Paragraph (4) of section 63(c) of such Code is amended by adding at the end the following flush sentence:

''The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

**SEC. 3. PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT AND 28-PERCENT RATE BRACKETS.**

(a) IN GENERAL.—Subsection (f) of section 1 of the Internal Revenue Code of 1986 (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended by adding at the end the following new paragraph:

''(8) PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT AND 28-PERCENT RATE BRACKETS.—

''(A) IN GENERAL.—With respect to taxable years beginning after December 31, 2001, in prescribing the tables under paragraph (1)—

''(i) the maximum taxable income amount in the 15-percent rate bracket, the minimum and maximum taxable income amounts in the 28-percent rate bracket, and the minimum taxable income amount in the 31-percent rate bracket in the table contained in subsection (a) shall be the applicable percentage of the comparable taxable income amounts in the table contained in subsection (c) (after any other adjustment under this subsection), and

''(ii) the comparable taxable income amounts in the table contained in subsection (d) shall be ½ of the amounts determined under clause (i).

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

| **''For taxable years beginning in calendar year—** | **The applicable percentage is—** |
|---|---|
| 2002 | 170.3 |
| 2003 | 173.8 |
| 2004 | 180.0 |
| 2005 | 183.2 |
| 2006 | 185.0 |
| 2007 and thereafter | 200.0. |

''(C) ROUNDING.—If any amount determined under subparagraph (A)(i) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.''.

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 1(f)(2) of such Code is amended by inserting ''except as provided in paragraph (8),'' before ''by increasing''.

(2) The heading for subsection (f) of section 1 of such Code is amended by inserting ''PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT AND 28-PERCENT RATE BRACKETS;'' before ''ADJUSTMENTS''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

**SEC. 4. MARRIAGE PENALTY RELIEF FOR EARNED INCOME CREDIT.**

(a) IN GENERAL.—Paragraph (2) of section 32(b) of the Internal Revenue Code of 1986 (relating to percentages and amounts) is amended—

(1) by striking ''AMOUNTS.—The earned'' and inserting ''AMOUNTS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the earned''; and

(2) by adding at the end the following new subparagraph:

''(B) JOINT RETURNS.—In the case of a joint return, the phaseout amount determined under subparagraph (A) shall be increased by $2,500.''.

(b) INFLATION ADJUSTMENT.—Paragraph (1)(B) of section 32(j) of such Code (relating to inflation adjustments) is amended to read as follows:

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined—

''(i) in the case of amounts in subsections (b)(2)(A) and (i)(1), by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof, and

''(ii) in the case of the $2,500 amount in subsection (b)(2)(B), by substituting 'calendar year 2000' for 'calendar year 1992' in subparagraph (B) of such section 1.''.

(c) ROUNDING.—Section 32(j)(2)(A) of such Code (relating to rounding) is amended by striking ''subsection (b)(2)'' and inserting ''subsection (b)(2)(A) (after being increased under subparagraph (B) thereof)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

**SEC. 5. PRESERVE FAMILY TAX CREDITS FROM THE ALTERNATIVE MINIMUM TAX.**

(a) IN GENERAL.—Subsection (a) of section 26 of the Internal Revenue Code of 1986 (relating to limitation based on tax liability; definition of tax liability) is amended to read as follows:

''(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the sum of—

''(1) the taxpayer's regular tax liability for the taxable year reduced by the foreign tax credit allowable under section 27(a), and

''(2) the tax imposed for the taxable year by section 55(a).''.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 24 of such Code is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(2) Section 32 of such Code is amended by striking subsection (h).

(3) Section 904 of such Code is amended by striking subsection (h) and by redesignating subsections (i), (j), and (k) as subsections (h), (i), and (j), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

**SEC. 6. COMPLIANCE WITH BUDGET ACT.**

(a) IN GENERAL.—Except as provided in subsection (b), all amendments made by this Act which are in effect on September 30, 2005, shall cease to apply as of the close of September 30, 2005.

(b) SUNSET FOR CERTAIN PROVISIONS ABSENT SUBSEQUENT LEGISLATION.—The amendments made by sections 2, 3, 4, and 5 of this Act shall not apply to any taxable year beginning after December 31, 2004.

Mr. NICKLES. Mr. President, I ask unanimous consent that all time be yielded and the amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3882

Mr. NICKLES. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Oklahoma (Mr. NICKLES) proposes an amendment numbered 3882.

Mr. NICKLES. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To provide a substitute)

Strike all after the first word and insert:

**1. SHORT TITLE.**

(a) SHORT TITLE.—This Act may be cited as the ''Marriage Tax Relief Reconciliation Act of 2000''.

(b) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

**SEC. 2. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.**

(a) IN GENERAL.—Paragraph (2) of section 63(c) of the Internal Revenue Code of 1986 (relating to standard deduction) is amended—

(1) by striking ''$5,000'' in subparagraph (A) and inserting ''200 percent of the dollar amount in effect under subparagraph (C) for the taxable year'';

(2) by adding ''or'' at the end of subparagraph (B);

(3) by striking ''in the case of'' and all that follows in subparagraph (C) and inserting ''in any other case.''; and

(4) by striking subparagraph (D).

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6) of such Code is amended by striking ''(other than with'' and all that follows through ''shall be applied'' and inserting ''(other than with respect to sections 63(c)(4) and 151(d)(4)(A)) shall be applied''.

(2) Paragraph (4) of section 63(c) of such Code is amended by adding at the end the following flush sentence:

''The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

**SEC. 3. PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT AND 28-PERCENT RATE BRACKETS.**

(a) IN GENERAL.—Subsection (f) of section 1 of the Internal Revenue Code of 1986 (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended by adding at the end the following new paragraph:

''(8) PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT AND 28-PERCENT RATE BRACKETS.—

''(A) IN GENERAL.—With respect to taxable years beginning after December 31, 2001, in prescribing the tables under paragraph (1)—

''(i) the maximum taxable income amount in the 15-percent rate bracket, the minimum and maximum taxable income amounts in the 28-percent rate bracket, and the minimum taxable income amount in the 31-percent rate bracket in the table contained in subsection (a) shall be the applicable percentage of the comparable taxable income amounts in the table contained in subsection (c) (after any other adjustment under this subsection), and

''(ii) the comparable taxable income amounts in the table contained in subsection (d) shall be ½ of the amounts determined under clause (i).

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

| **''For taxable years beginning in calendar year—** | **The applicable percentage is—** |
|---|---|
| 2002 | 170.3 |
| 2003 | 173.8 |
| 2004 | 180.0 |
| 2005 | 183.2 |
| 2006 | 185.0 |
| 2007 and thereafter | 200.0. |

''(C) ROUNDING.—If any amount determined under subparagraph (A)(i) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.''.

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 1(f)(2) of such Code is amended by inserting ''except as provided in paragraph (8),'' before ''by increasing''.

(2) The heading for subsection (f) of section 1 of such Code is amended by inserting ''PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT AND 28-PERCENT RATE BRACKETS;'' before ''ADJUSTMENTS''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

**SEC. 4. PRESERVE FAMILY TAX CREDITS FROM THE ALTERNATIVE MINIMUM TAX.**

(a) IN GENERAL.—Subsection (a) of section 26 of the Internal Revenue Code of 1986 (relating to limitation based on tax liability; definition of tax liability) is amended to read as follows:

''(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the sum of—

''(1) the taxpayer's regular tax liability for the taxable year reduced by the foreign tax credit allowable under section 27(a), and

''(2) the tax imposed for the taxable year by section 55(a).''.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 24 of such Code is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(2) Section 32 of such Code is amended by striking subsection (h).

(3) Section 904 of such Code is amended by striking subsection (h) and by redesignating subsections (i), (j), and (k) as subsections (h), (i), and (j), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

**SEC. 5. COMPLIANCE WITH BUDGET ACT.**

(a) IN GENERAL.—Except as provided in subsection (b), all amendments made by this Act which are in effect on September 30, 2005, shall cease to apply as of the close of September 30, 2005.

(b) SUNSET FOR CERTAIN PROVISIONS ABSENT SUBSEQUENT LEGISLATION.—The amendments made by sections 2, 3, and 4 of this Act shall not apply to any taxable year beginning after December 31, 2004.

Mr. NICKLES. Mr. President, I ask unanimous consent that all time be yielded and the amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3849, AS MODIFIED

Mr. NICKLES. Mr. President, I ask unanimous consent that the Brownback amendment numbered 3849 be modified with the text that is now at the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment as modified is as follows:

(Purpose: To provide tax relief for farmers, and for other purposes)

At the end of the bill, add the following:

**TITLE VI—TAX RELIEF FOR FARMERS**

**SEC. 601. FARM, FISHING, AND RANCH RISK MANAGEMENT ACCOUNTS.**

(a) IN GENERAL.—Subpart C of part II of subchapter E of chapter 1 (relating to taxable year for which deductions taken) is amended by inserting after section 468B the following:

**''SEC. 468C. FARM, FISHING, AND RANCH RISK MANAGEMENT ACCOUNTS.**

''(a) DEDUCTION ALLOWED.—In the case of an individual engaged in an eligible farming business or commercial fishing, there shall be allowed as a deduction for any taxable year the amount paid in cash by the taxpayer during the taxable year to a Farm, Fishing, and Ranch Risk Management Account (hereinafter referred to as the 'FFARRM Account').

''(b) LIMITATION.—

''(1) CONTRIBUTIONS.—The amount which a taxpayer may pay into the FFARRM Account for any taxable year shall not exceed 20 percent of so much of the taxable income of the taxpayer (determined without regard to this section) which is attributable (determined in the manner applicable under section 1301) to any eligible farming business or commercial fishing.

''(2) DISTRIBUTIONS.—Distributions from a FFARRM Account may not be used to purchase, lease, or finance any new fishing vessel, add capacity to any fishery, or otherwise contribute to the overcapitalization of any fishery. The Secretary of Commerce shall implement regulations to enforce this paragraph.

''(c) ELIGIBLE BUSINESSES.—For purposes of this section—

''(1) ELIGIBLE FARMING BUSINESS.—The term 'eligible farming business' means any farming business (as defined in section 263A(e)(4)) which is not a passive activity (within the meaning of section 469(c)) of the taxpayer.

''(2) COMMERCIAL FISHING.—The term 'commercial fishing' has the meaning given such term by section (3) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802) but only if such fishing is not a passive activity (within the meaning of section 469(c)) of the taxpayer.

''(d) FFARRM ACCOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'FFARRM Account' means a trust created or organized in the United States for the exclusive benefit of the taxpayer, but only if the written governing instrument creating the trust meets the following requirements:

''(A) No contribution will be accepted for any taxable year in excess of the amount allowed as a deduction under subsection (a) for such year.

''(B) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section.

''(C) The assets of the trust consist entirely of cash or of obligations which have adequate stated interest (as defined in section 1274(c)(2)) and which pay such interest not less often than annually.

''(D) All income of the trust is distributed currently to the grantor.

''(E) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

''(2) ACCOUNT TAXED AS GRANTOR TRUST.—The grantor of a FFARRM Account shall be treated for purposes of this title as the owner of such Account and shall be subject to tax thereon in accordance with subpart E of part I of subchapter J of this chapter (relating to grantors and others treated as substantial owners).

''(e) INCLUSION OF AMOUNTS DISTRIBUTED.—

''(1) IN GENERAL.—Except as provided in paragraph (2), there shall be includible in the gross income of the taxpayer for any taxable year—

''(A) any amount distributed from a FFARRM Account of the taxpayer during such taxable year, and

''(B) any deemed distribution under—

''(i) subsection (f)(1) (relating to deposits not distributed within 5 years),

''(ii) subsection (f)(2) (relating to cessation in eligible farming business), and

''(iii) subparagraph (A) or (B) of subsection (f)(3) (relating to prohibited transactions and pledging account as security).

''(2) EXCEPTIONS.—Paragraph (1)(A) shall not apply to—

''(A) any distribution to the extent attributable to income of the Account, and

''(B) the distribution of any contribution paid during a taxable year to a FFARRM Account to the extent that such contribution exceeds the limitation applicable under subsection (b) if requirements similar to the requirements of section 408(d)(4) are met.

For purposes of subparagraph (A), distributions shall be treated as first attributable to income and then to other amounts.

''(f) SPECIAL RULES.—

''(1) TAX ON DEPOSITS IN ACCOUNT WHICH ARE NOT DISTRIBUTED WITHIN 5 YEARS.—

''(A) IN GENERAL.—If, at the close of any taxable year, there is a nonqualified balance in any FFARRM Account—

''(i) there shall be deemed distributed from such Account during such taxable year an amount equal to such balance, and

''(ii) the taxpayer's tax imposed by this chapter for such taxable year shall be increased by 10 percent of such deemed distribution.

The preceding sentence shall not apply if an amount equal to such nonqualified balance is distributed from such Account to the taxpayer before the due date (including extensions) for filing the return of tax imposed by this chapter for such year (or, if earlier, the date the taxpayer files such return for such year).

''(B) NONQUALIFIED BALANCE.—For purposes of subparagraph (A), the term 'nonqualified balance' means any balance in the Account on the last day of the taxable year which is attributable to amounts deposited in such Account before the 4th preceding taxable year.

''(C) ORDERING RULE.—For purposes of this paragraph, distributions from a FFARRM Account (other than distributions of current income) shall be treated as made from deposits in the order in which such deposits were made, beginning with the earliest deposits.

''(2) CESSATION IN ELIGIBLE BUSINESS.—At the close of the first disqualification period after a period for which the taxpayer was engaged in an eligible farming business or commercial fishing, there shall be deemed distributed from the FFARRM Account of the taxpayer an amount equal to the balance in such Account (if any) at the close of such disqualification period. For purposes of the preceding sentence, the term 'disqualification period' means any period of 2 consecutive taxable years for which the taxpayer is not engaged in an eligible farming business or commercial fishing.

''(3) CERTAIN RULES TO APPLY.—Rules similar to the following rules shall apply for purposes of this section:

''(A) Section 220(f)(8) (relating to treatment on death).

''(B) Section 408(e)(2) (relating to loss of exemption of account where individual engages in prohibited transaction).

''(C) Section 408(e)(4) (relating to effect of pledging account as security).

''(D) Section 408(g) (relating to community property laws).

''(E) Section 408(h) (relating to custodial accounts).

''(4) TIME WHEN PAYMENTS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a payment to a FFARRM Account on the last day of a taxable year if such payment is made on account of such taxable year and is made on or before the due date (without regard to extensions) for filing the return of tax for such taxable year.

''(5) INDIVIDUAL.—For purposes of this section, the term 'individual' shall not include an estate or trust.

''(6) DEDUCTION NOT ALLOWED FOR SELF-EMPLOYMENT TAX.—The deduction allowable by reason of subsection (a) shall not be taken into account in determining an individual's net earnings from self-employment (within the meaning of section 1402(a)) for purposes of chapter 2.

''(g) REPORTS.—The trustee of a FFARRM Account shall make such reports regarding such Account to the Secretary and to the person for whose benefit the Account is maintained with respect to contributions, distributions, and such other matters as the Secretary may require under regulations. The reports required by this subsection shall be filed at such time and in such manner and furnished to such persons at such time and in such manner as may be required by such regulations.''.

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) Subsection (a) of section 4973 (relating to tax on excess contributions to certain tax-favored accounts and annuities) is amended by striking ''or'' at the end of paragraph (3), by redesignating paragraph (4) as paragraph (5), and by inserting after paragraph (3) the following:

''(4) a FFARRM Account (within the meaning of section 468C(d)), or''.

(2) Section 4973 is amended by adding at the end the following:

''(g) EXCESS CONTRIBUTIONS TO FFARRM ACCOUNTS.—For purposes of this section, in the case of a FFARRM Account (within the meaning of section 468C(d)), the term 'excess contributions' means the amount by which the amount contributed for the taxable year to the Account exceeds the amount which may be contributed to the Account under section 468C(b) for such taxable year. For purposes of this subsection, any contribution which is distributed out of the FFARRM Account in a distribution to which section 468C(e)(2)(B) applies shall be treated as an amount not contributed.''.

(3) The section heading for section 4973 is amended to read as follows:

**''SEC. 4973. EXCESS CONTRIBUTIONS TO CERTAIN ACCOUNTS, ANNUITIES, ETC.''.**

(4) The table of sections for chapter 43 is amended by striking the item relating to section 4973 and inserting the following:

''Sec. 4973. Excess contributions to certain accounts, annuities, etc.''.

(c) TAX ON PROHIBITED TRANSACTIONS.—

(1) Subsection (c) of section 4975 (relating to tax on prohibited transactions) is amended by adding at the end the following:

''(6) SPECIAL RULE FOR FFARRM ACCOUNTS.—A person for whose benefit a FFARRM Account (within the meaning of section 468C(d)) is established shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a FFARRM Account by reason of the application of section 468C(f)(3)(A) to such account.''.

(2) Paragraph (1) of section 4975(e) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following:

''(E) a FFARRM Account described in section 468C(d),''.

(d) FAILURE TO PROVIDE REPORTS ON FFARRM ACCOUNTS.—Paragraph (2) of section 6693(a) (relating to failure to provide reports on certain tax-favored accounts or annuities) is amended by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively, and by inserting after subparagraph (B) the following:

''(C) section 468C(g) (relating to FFARRM Accounts),''.

(e) CLERICAL AMENDMENT.—The table of sections for subpart C of part II of subchapter E of chapter 1 is amended by inserting after the item relating to section 468B the following:

''Sec. 468C. Farm, Fishing and Ranch Risk Management Accounts.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

**SEC. 602. WRITTEN AGREEMENT RELATING TO EXCLUSION OF CERTAIN FARM RENTAL INCOME FROM NET EARNINGS FROM SELF-EMPLOYMENT.**

(a) INTERNAL REVENUE CODE.—Section 1402(a)(1)(A) (relating to net earnings from self-employment) is amended by striking ''an arrangement'' and inserting ''a lease agreement''.

(b) SOCIAL SECURITY ACT.—Section 211(a)(1)(A) of the Social Security Act is amended by striking ''an arrangement'' and inserting ''a lease agreement''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

**SEC. 603. TREATMENT OF CONSERVATION RESERVE PROGRAM PAYMENTS AS RENTALS FROM REAL ESTATE.**

(a) IN GENERAL.—Section 1402(a)(1) (defining net earnings from self-employment) is amended by inserting ''and including payments under section 1233(2) of the Food Security Act of 1985 (16 U.S.C. 3833(2))'' after ''crop shares''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments made before, on, or after the date of the enactment of this Act.

**SEC. 604. EXEMPTION OF AGRICULTURAL BONDS FROM STATE VOLUME CAP.**

(a) IN GENERAL.—Section 146(g) (relating to exception for certain bonds) is amended by striking ''and'' at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting '', and'', and by inserting after paragraph (4) the following:

''(5) any qualified small issue bond described in section 144(a)(12)(B)(ii).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of enactment of this Act.

**SEC. 605. MODIFICATIONS TO SECTION 512(b)(13).**

(a) IN GENERAL.—Paragraph (13) of section 512(b) is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following new paragraph:

''(E) PARAGRAPH TO APPLY ONLY TO EXCESS PAYMENTS.—

''(i) IN GENERAL.—Subparagraph (A) shall apply only to the portion of a specified payment received by the controlling organization that exceeds the amount which would have been paid if such payment met the requirements prescribed under section 482.

''(ii) ADDITION TO TAX FOR VALUATION MISSTATEMENTS.—The tax imposed by this chapter on the controlling organization shall be increased by an amount equal to 20 percent of such excess.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to payments received or accrued after December 31, 2000.

(2) PAYMENTS SUBJECT TO BINDING CONTRACT TRANSITION RULE.—If the amendments made by section 1041 of the Taxpayer Relief Act of 1997 do not apply to any amount received or accrued after the date of the enactment of this Act under any contract described in subsection (b)(2) of such section, such amendments also shall not apply to amounts received or accrued under such contract before January 1, 2001.

**SEC. 606. CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.**

(a) IN GENERAL.—Subsection (e) of section 170 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph:

''(7) SPECIAL RULE FOR CONTRIBUTIONS OF FOOD INVENTORY.—For purposes of this section—

''(A) CONTRIBUTIONS BY NON-CORPORATE TAXPAYERS.—In the case of a charitable contribution of food, paragraph (3)(A) shall be applied without regard to whether or not the contribution is made by a corporation.

''(B) LIMIT ON REDUCTION.—In the case of a charitable contribution of food which is a qualified contribution (within the meaning of paragraph (3)(A), as modified by subparagraph (A) of this paragraph)—

''(i) paragraph (3)(B) shall not apply, and

''(ii) the reduction under paragraph (1)(A) for such contribution shall be no greater than the amount (if any) by which the amount of such contribution exceeds twice the basis of such food.

''(C) DETERMINATION OF BASIS.—For purposes of this paragraph, if a taxpayer uses the cash method of accounting, the basis of any qualified contribution of such taxpayer shall be deemed to be 50 percent of the fair market value of such contribution.

''(D) DETERMINATION OF FAIR MARKET VALUE.—In the case of a charitable contribution of food which is a qualified contribution (within the meaning of paragraph (3), as modified by subparagraphs (A) and (B) of this paragraph) and which, solely by reason of internal standards of the taxpayer, lack of market, or similar circumstances, or which is produced by the taxpayer exclusively for the purposes of transferring the food to an organization described in paragraph (3)(A), cannot or will not be sold, the fair market value of such contribution shall be determined—

''(i) without regard to such internal standards, such lack of market, such circumstances, or such exclusive purpose, and

''(ii) if applicable, by taking into account the price at which the same or similar food items are sold by the taxpayer at the time of the contribution (or, if not so sold at such time, in the recent past).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

**SEC. 607. INCOME AVERAGING FOR FARMERS AND FISHERMEN NOT TO INCREASE ALTERNATIVE MINIMUM TAX LIABILITY.**

(a) IN GENERAL.—Section 55(c) (defining regular tax) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following:

''(2) COORDINATION WITH INCOME AVERAGING FOR FARMERS AND FISHERMEN.—Solely for purposes of this section, section 1301 (relating to averaging of farm and fishing income) shall not apply in computing the regular tax.''.

(b) ALLOWING INCOME AVERAGING FOR FISHERMEN.—

(1) IN GENERAL.—Section 1301(a) is amended by striking ''farming business'' and inserting ''farming business or fishing business,''.

(2) DEFINITION OF ELECTED FARM INCOME.—

(A) IN GENERAL.—Clause (i) of section 1301(b)(1)(A) is amended by inserting ''or fishing business'' before the semicolon.

(B) CONFORMING AMENDMENT.—Subparagraph (B) of section 1301(b)(1) is amended by inserting ''or fishing business'' after ''farming business'' both places it occurs.

(3) DEFINITION OF FISHING BUSINESS.—Section 1301(b) is amended by adding at the end the following new paragraph:

''(4) FISHING BUSINESS.—The term 'fishing business' means the conduct of commercial

fishing as defined in section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

**SEC. 608. REPEAL OF MODIFICATION OF INSTALLMENT METHOD.**

(a) IN GENERAL.—Subsection (a) of section 536 of the Ticket to Work and Work Incentives Improvement Act of 1999 (relating to modification of installment method and repeal of installment method for accrual method taxpayers) is repealed effective with respect to sales and other dispositions occurring on or after the date of the enactment of such Act.

(b) APPLICABILITY.—The Internal Revenue Code of 1986 shall be applied and administered as if such subsection (and the amendments made by such subsection) had not been enacted.

**SEC. 609. COOPERATIVE MARKETING INCLUDES VALUE-ADDED PROCESSING THROUGH ANIMALS.**

(a) IN GENERAL.—Section 1388 (relating to definitions and special rules) is amended by adding at the end the following:

''(k) COOPERATIVE MARKETING INCLUDES VALUE-ADDED PROCESSING THROUGH ANIMALS.—For purposes of section 521 and this subchapter, 'marketing the products of members or other producers' includes feeding the products of members or other producers to cattle, hogs, fish, chickens, or other animals and selling the resulting animals or animal products.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

**SEC. 610. DECLARATORY JUDGMENT RELIEF FOR SECTION 521 COOPERATIVES.**

(a) IN GENERAL.—Section 7428(a)(1) (relating to declaratory judgments of tax exempt organizations) is amended by striking ''or'' at the end of subparagraph (B) and by adding at the end the following:

''(D) with respect to the initial qualification or continuing qualification of a cooperative as described in section 521(b) which is exempt from tax under section 521(a), or''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to pleadings filed after the date of the enactment of this Act but only with respect to determinations (or requests for determinations) made after January 1, 2000.

**SEC. 611. SMALL ETHANOL PRODUCER CREDIT.**

(a) ALLOCATION OF ALCOHOL FUELS CREDIT TO PATRONS OF A COOPERATIVE.—Section 40(g) (relating to alcohol used as fuel) is amended by adding at the end the following:

''(6) ALLOCATION OF SMALL ETHANOL PRODUCER CREDIT TO PATRONS OF COOPERATIVE.—

''(A) ELECTION TO ALLOCATE.—

''(i) IN GENERAL.—In the case of a cooperative organization described in section 1381(a), any portion of the credit determined under subsection (a)(3) for the taxable year may, at the election of the organization, be apportioned pro rata among patrons of the organization on the basis of the quantity or value of business done with or for such patrons for the taxable year.

''(ii) FORM AND EFFECT OF ELECTION.—An election under clause (i) for any taxable year shall be made on a timely filed return for such year. Such election, once made, shall be irrevocable for such taxable year.

''(iii) SPECIAL RULE FOR 1998 AND 1999.—Notwithstanding clause (ii), an election for any taxable year ending prior to the date of the enactment of the Death Tax Elimination Act of 2000 may be made at any time before the expiration of the 3-year period beginning on the last date prescribed by law for filing the return of the taxpayer for such taxable year (determined without regard to extensions) by filing an amended return for such year.

''(B) TREATMENT OF ORGANIZATIONS AND PATRONS.—The amount of the credit apportioned to patrons under subparagraph (A)—

''(i) shall not be included in the amount determined under subsection (a) with respect to the organization for the taxable year,

''(ii) shall be included in the amount determined under subsection (a) for the taxable year of each patron for which the patronage dividends for the taxable year described in subparagraph (A) are included in gross income, and

''(iii) shall be included in gross income of such patrons for the taxable year in the manner and to the extent provided in section 87.

''(C) SPECIAL RULES FOR DECREASE IN CREDITS FOR TAXABLE YEAR.—If the amount of the credit of a cooperative organization determined under subsection (a)(3) for a taxable year is less than the amount of such credit shown on the return of the cooperative organization for such year, an amount equal to the excess of—

''(i) such reduction, over

''(ii) the amount not apportioned to such patrons under subparagraph (A) for the taxable year,

shall be treated as an increase in tax imposed by this chapter on the organization. Such increase shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this subpart or subpart A, B, E, or G.''.

(b) IMPROVEMENTS TO SMALL ETHANOL PRODUCER CREDIT.—

(1) SMALL ETHANOL PRODUCER CREDIT NOT A PASSIVE ACTIVITY CREDIT.—Clause (i) of section 469(d)(2)(A) is amended by striking ''subpart D'' and inserting ''subpart D, other than section 40(a)(3),''.

(2) ALLOWING CREDIT AGAINST MINIMUM TAX.—

(A) IN GENERAL.—Subsection (c) of section 38 (relating to limitation based on amount of tax) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) SPECIAL RULES FOR SMALL ETHANOL PRODUCER CREDIT.—

''(A) IN GENERAL.—In the case of the small ethanol producer credit—

''(i) this section and section 39 shall be applied separately with respect to the credit, and

''(ii) in applying paragraph (1) to the credit—

''(I) subparagraphs (A) and (B) thereof shall not apply, and

''(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the small ethanol producer credit).

''(B) SMALL ETHANOL PRODUCER CREDIT.—For purposes of this subsection, the term 'small ethanol producer credit' means the credit allowable under subsection (a) by reason of section 40(a)(3).''.

(B) CONFORMING AMENDMENT.—Subclause (II) of section 38(c)(2)(A)(ii) is amended by inserting ''or the small ethanol producer credit'' after ''employment credit''.

(3) SMALL ETHANOL PRODUCER CREDIT NOT ADDED BACK TO INCOME UNDER SECTION 87.—Section 87 (relating to income inclusion of alcohol fuel credit) is amended to read as follows:

**''SEC. 87. ALCOHOL FUEL CREDIT.**

''Gross income includes an amount equal to the sum of—

''(1) the amount of the alcohol mixture credit determined with respect to the taxpayer for the taxable year under section 40(a)(1), and

''(2) the alcohol credit determined with respect to the taxpayer for the taxable year under section 40(a)(2).''.

(c) CONFORMING AMENDMENT.—Section 1388 (relating to definitions and special rules for cooperative organizations) is amended by adding at the end the following:

''(k) CROSS REFERENCE.—For provisions relating to the apportionment of the alcohol fuels credit between cooperative organizations and their patrons, see section 40(d) (6).''

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (b) of this section shall apply to taxable years ending after the date of enactment.

(2) PROVISIONS AFFECTING COOPERATIVES AND THEIR PATRONS.—The amendments made by subsections (a) and (c), and the amendments made by paragraphs (2) and (3) of subsection (b), shall apply to taxable years beginning after December 31, 1997.

Mr. MACK. Mr. President, I urge all of my colleagues to join us to reduce the marriage penalties in the tax code. This bill will provide married couples the relief that President Clinton denied them last year with his veto of the Taxpayer Refund and Relief Act of 1999. President Clinton's action last year increased taxes by close to $800 billion and imposed a marriage penalty on middle class American families.

There is no place in the Tax Code for marriage penalties. Marriage penalties are caused by tax laws that treat joint filers relatively worse than single filers with half the income. It has of late become common practice to use the Tax Code for purposes of social engineering, discouraging some actions with the stick of tax penalties and encouraging others with the carrot of tax preferences. But there is no legitimate policy reason for punishing taxpayers with higher taxes just because they happen to be married. The marriage penalties in the Tax Code undermine the family, the institution that is the foundation of our society.

I view this bill as just a start. Our Tax Code will not truly be family-friendly until every single marriage penalty is rooted out and eliminated, so that married couples with twice the income of single individuals are taxed at the same rates, and are eligible for the same tax preferences—including deductions, exemptions, use of IRAs and other savings vehicles—as those single filers. This bill is an important step toward that ultimate goal.

The Democrat criticisms of our bill are misplaced. They argue that our bill contains complicated phase-ins, in contrast to their simple approach. But anyone who reads the bill and their alternative would see that this is false. The Finance Committee bill contains percentages in it, sure enough. And it phases in the relief, that is true. But the percentages and the phase-ins are instructions to the Treasury and the IRS, to make adjustments to the tax brackets. The only people who have to make any new calculations under the Finance Committee bill are the bureaucrats who make up the tax tables, not the taxpayer.

By contrast, the Democrat alternative, in phasing in its relief, requires taxpayers to calculate their taxes as joint filers, then calculate their taxes as if they were single—a complicated process that requires the allocation of various deductions and credits. Next, the taxpayer would have to determine the difference between these two calculations and then reduce this by a certain percentage. That is supposed to be simple? The Democrat substitute adds to the headaches of tax filing and the demand for tax preparers and tax preparation software.

The Democrats also complain that the Finance Committee bill does more than address their narrow definition of the marriage penalty. They invoke the so-called ''marriage bonus.'' But the ''marriage bonus'' is a red herring. What they call a ''marriage bonus'' results from adjusting tax brackets for joint filers to reflect the fact that two adults are sharing the household income. Under the Democrat approach, single taxpayers who marry a nonworking or low-earning spouse should pay the same amount of taxes as when they were single, even though this income must be spread over the needs of two adults.

This approach is fundamentally flawed. The Democrat approach would enshrine in the law a new ''homemaker penalty.'' The Democrats would make families with one earner and one stay-at-home spouse pay higher taxes than families with the same household income and two earners.

But why discriminate against one-earner families? Why would we want a tax code that penalized families just because one of the spouses chooses the hard work of the household over the role of breadwinner? The Democrat alternative discourages parents from staying home with their infant children, and penalizes a person who works longer hours so that a spouse can care for elderly parents. That is just plain wrong.

The Finance Committee bill reduces the marriage penalty in a rational, sensible way, by making the standard deduction for joint filers twice what it is for single filers, and by making the ranges at which income is taxed at the 15 percent and 28 percent rates twice for joint filers what they are for single filers. This recognizes that marriage is a partnership in which two adults share the household income. Our approach cuts taxes for all American families. The Democrats call this a ''bonus.'' We call it common sense.

Mr. GRAMS. Mr. President, today the Senate begins consideration of the first tax reconciliation bill, which would correct the injustice of the marriage penalty. As a long-time advocate of repealing the marriage penalty, I rise to strongly support this legislation and support elimination of the marriage penalty entirely.

First, I'd like to take this opportunity to commend our leaders for bringing up this important legislation. I'd particularly like to commend Chairman ROTH for his leadership on tax relief. He has consistently championed critically needed tax relief that will restore fairness for millions of American families.

This marriage penalty tax relief legislation would increase the standard deduction so that married couples filing jointly get the same deduction as single taxpayers. It expands the 15 percent and 28 percent tax brackets to ensure that 21 million American couples—including 3 million American seniors—pay the same tax rate as unmarried taxpayers. The bill makes Alternative Minimum Tax exemption for family-related tax credits permanent, so families won't be pushed into higher tax brackets.

This bill also takes care of low-income married couples by increasing the threshold of the Earned Income Credit to allow them to enjoy this tax relief. Mr. President, in my view, this is fair, well-balanced legislation by any standard.

There are compelling reasons to eliminate the marriage penalty tax and provide immediate tax relief for millions of married couples:

As I have said many times before in this Chamber, the family has been and will continue to be the bedrock of American society. Strong families make strong communities; strong communities make for a strong America. We all agree that this marriage penalty tax treats married couples unfairly. Even President Clinton agrees the marriage penalty is unfair.

But our tax policy reflects just the opposite. It discourages marriage, punishes married couples, and damages the family—the basic institution of our society.

The Congressional Budget Office reports that 22 million American couples suffered from the marriage penalty in 1999. The average penalty paid by these couples was $1,500.

This wasn't always the case. For over half a century—from 1913, when Washington first imposed the federal income tax, to 1969—the federal income tax treated married couples as well as, or better than, single individuals. Since 1996, however, many married couples every year have had to pay a penalty just for saying ''I do.'' At the time they exchanged their vows, I'll bet most of those couples didn't realize they were also saying ''I do'' to Uncle Sam.

The tax hike of 1993 further aggravated the problem because it added new, higher tax rates. In addition, now that a greater number of households are dual income, that means that more couples are subject to this penalty.

Mr. President, the consequence of this unjust penalty is devastating. It has put an additional financial burden on already overtaxed American families. Here is an example of how this penalty hits the average American:

Alicia Jones from my state of Minnesota and her husband graduated from college and had just begun working full-time two years ago, in professional careers. They had no children and were renting an apartment, saving to buy a house. They had to pay at least an additional $1,500 for simply being married. As a result, on top of the over $10,000 tax they already paid, they had to take an additional $700 from their limited savings account to pay for federal taxes—taxes that they wouldn't have had to pay if they weren't married.

She wrote, ''I am frustrated by this, I'm frustrated for the future—how do we get ahead, when each year we have to take money from our savings to pay more for our taxes. I hope that you will remember my concern.''

Millions of married couples similarly suffer because of this penalty. This is extremely unfair. This was not the intention of Congress when it created the marriage penalty tax in the 1960s by separating tax schedules for married and unmarried people. This unjust marriage penalty also has an adverse social impact, as more and more people delay their wedding just for tax purposes. I have an example of that in my own office. Research also shows that the marriage penalty has discouraged couples from getting married. It has also encouraged some married couples to get friendly divorces. They continue to live together, but save on their taxes.

Clearly, this tax policy has interrupted and distorted the normal lives of many Americans. It should not be allowed to continue.

Repealing the marriage penalty will provide immediate, meaningful tax relief to American families and allow them to keep $1,500 or more each year of their own money to pay for health insurance, groceries, child care, or other family necessities.

In my state of Minnesota alone, over 550,000 couples will benefit from this tax relief and will no longer suffer from this unfair tax.

However, the biggest beneficiaries of the elimination of the marriage penalty tax are working women and low-income families.

Federal tax policy penalizes working women by taxing their income at the highest rate imposed on their husbands' income. Our legislation addresses this injustice by allowing married working women to keep significantly more of their hard-earned money for family needs.

The elimination of the marriage penalty will primarily benefit minority, and low and middle income families. Government data suggest the marriage penalty hits African-Americans and lower-income working families hardest. Couples at the bottom end of the income scale who incur penalties paid an average of nearly $800 in additional taxes, which represented 8 percent of their income. Eight percent, Mr. President. Repeal the penalty, and those low-income families will immediately have an 8 percent increase in their income, larger than for all other income levels.

Despite these facts, some of our colleagues from the other side of aisle still call this a ''tax cut for the rich.'' They seem to have gotten into the habit, whenever they hear the phrase ''tax relief,'' of jumping up and shouting ''tax cut for the rich!'' That's not fair to working Americans who are hit hard by these taxes.

Mr. President, some also argue that marriage penalty tax relief will go to those families who already receive marriage bonuses. The argument does not fold true either. While about 51 percent, or 25 million couples, receive marriage bonuses, this doesn't justify the federal government penalizing another 22 million couples just for being married or for choosing to work.

In addition, most of those who receive marriage bonuses are likely to receive this due to family-related tax credits, such as the $500 per-child credit I passed into law to help a family afford raising children. It is contradictory to allow married couples to receive these credits and then turn around and require them to pay more income taxes for receiving the tax credits. We should give more bonuses to all American families whether both spouses or only one of them are working.

More importantly, the trends show that more couples under age 55 are working, and the earnings between husbands and wives are more evenly divided since 1969. This means more and more couples have received, and will continue to receive, marriage penalties and fewer couples will have bonuses.

Another conventional argument of our Democratic colleagues against tax relief is that the tax relief costs too much. This is a typical Washington way of thinking. They forget the fact that it is the taxpayer's, not Washington's, money in the first place.

Mr. President, it is hard to justify under any circumstances continued punishment of married couples in this country regardless of the costs. Moreover, in this era of record budget surpluses, the so called ''costs'' associated with the repeal of the marriage penalty are just a fraction of the tax overpayments made by working Americans. Over the next 10 years, the federal government will collect over $1.9 trillion in tax overpayments from taxpayers, while the total tax relief in the reconciliation instruction adopted under the FY 2001 budget resolution is merely $150 billion. This is less than 8 cents of every dollar of non-Social Security surpluses collected by the government.

We have also heard some argue that Washington needs tax overpayments to save Social Security and Medicare with an addition of prescription drug benefits. President Clinton has also said that he will support the marriage penalty repeal if prescription drug benefits are added.

Mr. President, I support saving and strengthening Social Security and Medicare, and I support prescription drug benefits for seniors. I have my own plan to do that. I support repealing the marriage penalty tax, the death tax, and the tax on seniors' retirement benefits. But I believe they all should be passed and signed into law on their own merits, and shouldn't be traded against each other.

As a matter of fact, the Administration has never come up with a viable plan to save Social Security. It has blocked bipartisan efforts to strengthen Medicare, including prescription drug benefits. Now it uses this as a cover to deny working Americans the moderate tax refund they deserve.

Mr. President, this is not acceptable.

I have repeatedly argued that American families today are overtaxed, and the surplus comes directly from taxes paid by the American people. It is only fair to return it to the taxpayers. With a huge budget surplus, we can reduce working Americans' tax burden, pay down the national debt, save Social Security, and provide prescription drug benefits for seniors—if the Administration and the Congress have the political will to do so.

In closing, Mr. President, the marriage penalty is simply bad tax policy and we must end it once and for all to restore equity and fairness for working Americans.

Mr. ASCHCROFT. Mr. President, the current tax code is at war with our values—the tax code penalizes the basic social institution: marriage. The American people know that this is unfair—they know it is not right that the code penalizes marriage. Now the Senate is prepared to end this long-standing problem.

25 million American couples pay an average of approximately $1,400 in marriage penalty annually as a result of the marriage penalty. Ending this penalty gives couples the freedom to make their own choices with their money. Couples could use the $1,400 for: retirement, education, home, children's needs.

This bill will also provide needed tax relief to American families—39 million American married couples, 830,000 in Missouri. Couples like Bruce and Kay Morton, from Camdenton, MO, who suffer from this unfair penalty. Mr. Morton wrote me a note so simple that even a Senator could understand it: ''Please vote yes for the Marriage Tax relief of 2000.''

Another Missourian, Travis Harms, of Independence, Missouri, wrote to tell me that the marriage penalty hits him and his wife, Laura. Mr. Harms graciously offered me his services in ending the marriage penalty. ''I would like to thank you for your support and effort towards the elimination of the unfair 'marriage tax.' If there is any way I can support or encourage others to help this dream become a reality, I would be honored to help.''

I am grateful to Travis Harms and Bruce Morton for their support. And I want to repay them by making sure we end this unfair penalty on marriage.

The marriage penalty places an undue burden on American families. According to the Tax Foundation, an American family spends more of their family budget on taxes than on health care, food, clothing, and shelter combined. The tax bill should not be the biggest bill families like the Morton's and Harms' face.

And families certainly should not be taxed extra because they are married. Couples choosing marriage are making the right choice for society. It is in our interest to encourage them to make this choice.

Unfortunately, the marriage penalty discourages this choice. The marriage penalty may actually contribute to one of society's most serious and enduring problems. There are now twice as many single parent households in America than there were when this penalty was first enacted.

In its policies, the government should uphold the basic values that give strength and vitality to our culture. Marriage and family are a cornerstone of civilization, but are heavily penalized by the federal tax system.

The marriage penalty is so patently unfair no one will defend it. Those on the other side of the aisle are making a stab at addressing the marriage penalty, even though they are not willing to provide relief to all couples who face this unfair penalty. Their bill implements a choose or lose system for some couples who are subject to the marriage penalty. Their bill phases out marriage penalty relief, and does not cover all of the couples who face this unfair penalty.

This issue, however, is not about income, it's about fairness. It us unfair to tax married couples more than single people, no matter what their income. The Finance Committee bill provides tax relief to all married couples.

In addition, the Finance Committee bill makes sure that couples do not face the risk of differential treatment. Under the minority bill, one family with a husband earning $50,000 and a mother staying home with her children will pay more in taxes than a family with a combined income of $50,000, with the wife and husband each earning $25,000. This system creates a disincentive for parents to stay at home with their children. The Republican plan will treat all couples equally.

While the minority bill is flawed, I am encouraged that they are finally acknowledging that the marriage penalty is a problem. I am also encouraged that President Clinton has also acknowledged the unfair nature of the marriage penalty. But unfortunately, Treasury Secretary Larry Summers has announced that he would advise the President to veto marriage penalty relief.

I say to the President and to my colleagues on the other side: being against the marriage penalty means that you have to be willing to eliminate it. You cannot just say you oppose the penalty, and then fight to keep the penalty in law, or to keep part of the penalty in law for some people. Join us to

vote for the elimination of the penalty, and let us bring this important tax relief bill to the American people together.

The marriage penalty has endured for too long and harmed too many couples. It is time to abolish the prejudice that charges higher taxes for being married. It is time to take the tax out of saying ''I do.''

## MORNING BUSINESS

Mr. NICKLES. Mr. President, I ask unanimous consent that the Senate proceed to a period of morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

## EXPLANATION OF ABSENCE

Mr. HUTCHINSON. Mr. President, I ask that the RECORD reflect the purpose of my absence during final passage of H.R. 8, the Death Tax Elimination Act. I departed Washington this morning to attend the wedding of my youngest son, Joshua. I would add that my absence would not have changed the outcome of this vote. If I had been present, however, I would have voted ''aye.''

## VICTIMS OF GUN VIOLENCE

Mr. DORGAN. Mr. President, it has been more than a year since the Columbine tragedy, but still this Republican Congress refuses to act on sensible gun legislation.

Since Columbine, thousands of Americans have been killed by gunfire. Until we act, Democrats in the Senate will read some of the names of those who lost their lives to gun violence in the past year, and we will continue to do so every day that the Senate is session.

In the name of those who died, we will continue this fight. Following are the names of some of the people who were killed by gunfire one year ago today.

July 14, 1999: Robert Clayton, San Francisco, CA; River P. Graham, 39, Oklahoma City, OK; Lonzie Harper, Detroit, MI; Angelo Rhodes, 20, Philadelphia, PA; Torris Starks, Detroit, MI; Terrance Wilkins, 28, Nashville, TN; Nathan A. Williams, 26, Oklahoma City, OK; and an unidentified male, 27, Charlotte, NC.

## THE ARREST OF KAZAKHSTAN'S OPPOSITION LEADER

Mr. BIDEN. Mr. President, I rise today to highlight the troubled transition from communism to democracy of the largest of the new states in Central Asia, Kazakhstan. That transition is in serious jeopardy because of the authoritarian behavior of Kazakhstan's President, highlighted by the recent capricious arrest of the leader of the political opposition.

There are high-stakes, competing forces at work in Kazakhstan: the promise of huge sums of money to be made from exploiting the country's vast natural resources, and the pull of old dictatorial ways against the nascent democratic movement.

Last month, I met with a man who could help lead Kazakhstan toward true democracy—a former Prime Minister and outspoken critic of the current regime, Akezhan Kazhegeldin.

Unfortunately, the Government of Kazakhstan is doing everything within its power to see that Mr. Kazhegeldin not get this opportunity.

Two days ago, he was detained in Rome on an INTERPOL warrant instigated by the Kazakh Government. The charges, which range from terrorism to money laundering, are regarded by our State Department as trumped up and political in nature.

This morning word came from Rome that the Italian authorities have shared our Government's assessment of the case and that they have released Mr. Kazhegeldin.

But, although I am gratified at this development, the very fact of Mr. Kazhegeldin's arrest is a cause for deep concern for every American who hopes that democracy can take root in every country where Soviet despotism once reigned.

This latest arrest is doubly troubling, because it suggests that authoritarian rulers are having at least temporary success in manipulating international organizations, in this case INTERPOL.

The International League for Human Rights considers Mr. Kazhegeldin's arrest to be a ''particularly serious violation of article 2 of the INTERPOL Constitution'' because the founders of that organization ''were careful to provide that the INTERPOL network could not be used by authoritarian governments to harass their domestic political opponents.''

The real reason for the arrest was the latest in a series of attempts by the President of Kazakhstan, Nursultan Nazarbayev, to suppress his political opposition, which is led by Mr. Kazhegeldin.

The timing is probably not coincidental. Mr. Kazhegeldin had recently offered to testify before U.S. authorities about corruption at the highest levels in Kazakhstan.

This is the second time that President Nazarbayev has had Mr. Kazhegeldin detained by national authorities—there was a similar occurrence in Moscow last fall. In both cases, President Nazarbayev's government filed bogus charges through INTERPOL to have Mr. Kazhegeldin detained.

I understand that our own Department of Justice has routinely ignored such INTERPOL notices concerning Mr. Kazhegeldin.

In an even more sinister vein, the harassment against Mr. Kazhegeldin's associates has turned to physical violence—his press aide was stabbed in Moscow recently.

Mr. President, the stakes in Kazakhstan are extraordinarily high. The country is four times the size of Texas and is blessed with energy resources that even the Lone Star State would envy.

For example, it has proven oil reserves of some 15½ billion barrels; areas under the Caspian Sea may yield up to another 30 billion barrels.

Estimates of natural gas reserves range from 3 to 6 trillion cubic meters. In addition, there are rich deposits of minerals such as copper, zinc, chromium, and uranium.

The Tengiz oil field is currently being worked by U.S., Russian, Kazakh, and other companies. Construction is underway on a pipeline to the Russian port city of Novorossiisk, and Central Asian leaders have signed agreements with Turkey for a Baku-Ceyhan route.

But this energy wealth is prospective for now. The big fields have not yet begun to yield, and the country remains poor.

Kazakhstan's political landscape remains as undeveloped as its oil fields. Elections have been marked by irregularities to the point where international monitors agree that they have not met democratic standards. In fact—and this speaks volumes about the arrest in Rome—President Nazarbayev was re-elected in 1999 by banning his only real opponent, none other than Akezhan Kazhegeldin.

Human rights abuses have been reliably documented and include extrajudicial killings, harsh prison conditions, and torture of detainees.

The press in Kazakhstan has been constrained by President Nazarbayev's desire to curb those who would ''harm the country's image in the world.'' In addition, the government owns and controls significant printing and distribution facilities and subsidizes publications. Restraints on the press are severe enough that self-censorship is now practiced.

The right of free assembly is restricted by law and by the government. Organizations must apply 10 days in advance to hold a gathering, and local authorities are widely reported to deny such permits. In some instances, demonstrators have been fined or imprisoned.

There is, however, one piece of good news, in the area of weapons nonproliferation. Kazakhstan, which was one of four nuclear states formed out of the dissolution of the Soviet Union, has been a vigorous partner with the United States in the elimination of weapons of mass destruction. In 1995, President Nazarbayev announced that his country was no longer a nuclear power, after the last of its nuclear warheads had been removed to Russia.

On the negative side, however, government officials of Kazakhstan illegally sold 40 Soviet-built MiG 21 fighter jets to North Korea. The officials implicated in the sales have received only minor punishment.